

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
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EXECUTIVE BOARD
February 17, 2005
LR 4CA, 12CA, 13CA

The Executive Board met at 12:00 p.m. on Thursday, February 17, 2005, in Room 2102 at the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LR 4CA, LR 12CA, and LR 13CA. Senators present: Pat Engel, Chairperson; Jim Cudaback, Vice Chairperson; Chris Beutler; Kermit Brashear; Philip Erdman; Vickie McDonald; Arnie Stuthman; and Don Pederson. Absent: Ernie Chambers and Nancy Thompson.

SENATOR ENGEL: So I'd like to call this to order. Good afternoon, everybody, and welcome to the public hearing Executive Board. I'd like to first of all introduce you to the members of the board and the board staff. On my right is Janice Satra, the legal counsel for the committee; Senator Jim Cudaback from Riverdale; Senator Brashear from Omaha, our Speaker; Senator Don Pederson from North Platte; on my left is Beth Otto, committee clerk; next Chris Beutler, Senator Chris Beutler from Lincoln; Senator Vickie McDonald from St. Paul; and Senator Arnie Stuthman from Platte Center. And since these are recorded, I'd appreciate you turning off any cell phones if you have them with you. And first we'll hear testimony from the presenter, introducer of the bill, followed by those in favor of the bill being considered, then testimony from the opponents, and then I'd like to...and then neutral testimony. And I'd like to limit the testimony to five minutes if possible. If not, we'll probably give you a little extra time here. And we welcome anybody to testify if you have something to add. We'd appreciate not repeating what we've already heard. Sign-in sheets are available so appreciate those signing...completely filling those out completely for the...so the transcribers will have an accurate record. And when you do testify, please state your name and spell it for the record. Another form for those who wish to support or oppose a bill without publicly testifying is also available. So if you have printed materials, we do need 15 copies. If you don't have those, our page can have those made for you. So moving along briskly, our first bill today is, find it here, is LR 12CA, Senator Schimek, and she's mentioned to me that she'd like to introduce LR 12CA and LR 13CA together. Is that correct?

SENATOR SCHIMEK: Yes, I would.

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SENATOR ENGEL: Thank you. Please proceed.

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SENATOR SCHIMEK: (Exhibits 1 and 2) Thank you, Mr. Chairman and members of the Executive Board. I have brought these two bills regarding salary reimbursement for state senators to you, and I've actually brought almost identical bills before in 2003. The only thing that's different about these two bills is that the amount stipulated is \$24,000 and not \$20,000. And I've, you know, I don't know what the right amount is to put on the ballot to voters to respond to. I do know that two years ago when I sent out newsletter to everybody in my district and asked for a response regarding senators' salaries that I got an overwhelming response in favor of an increase. Their only caveat for some of them was that we ought not to do it while we were in such financial disarray. But they thought it was a fairness issue, and I think it's a fairness issue. The soonest that it could go on the ballot is 2006, of course, and that will be 18 years since it last was on the ballot in 1988 and it was increased. And so those of us that came into the Legislature in 1989 actually were afforded that increase. And as you all know, it had been \$4,800 for 20 years before that. Now I do have a couple of handouts I would like to share with you. One will give you the history, and some of you may have already seen this, but there are new members of the board. As the amendments that have been on the ballot over time, starting in 1884, and you can see whether the majority of people voted for it or against it. And you will note that nine times the majority voted for, seven times the majority voted against. So I'd say it's about close to a 50-50 shot sometimes. But most of those against occurred between the years of 1972 and 1982. There was just a steady line of people voting against. I believe if we don't do something this year that then it will be another 20 or I mean it will be 20 years before we're able to do this. In talking with the public about this issue, which I do on occasion, I've had some people ask how much the bill would increase salaries and they say that isn't enough. On the other hand, I'm certain that there are people who maybe feel it's more than enough. The amount I don't know. I don't know what the amount should be. But this seems to be in

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line with what Iowa pays its legislators and so that's why I did it. Now the distinction between the two bills is that one of the bills is just a straight \$24,000. The second one is \$24,000 plus every year that state employees were afforded a salary increase the legislative salaries would increase at the same rate each year so that's a distinction between the two bills. I would also like to pass out one other handout that will show you what legislative compensation is in other states. And I know that I gave you this two years ago, but I thought I would just remind you. And I believe this may have even been updated since then. But you will see that they're all over the landscape, the salaries are all over the landscape with some, like in New Hampshire, of course, being very low at an annual \$200. But others like Ohio and Pennsylvania and New York, the big states, are up in the seventies and eighty thousands. So it will give you a basis for comparison. I really do believe that there are a lot of people who are prohibited from running for the Legislature because they can't afford to do it on \$12,000 a year. And I truly do believe that that's why we haven't had more legislative candidates over the past few years. I think maybe the term limits issue may have impacted elections, actually recruitment of candidates, this past election because I think a lot of people who may want to run for a seat, like I know in my own legislative district a lot of people have told me they're going to wait till I'm out of there in four years and then they're going to run. They don't want to run against an incumbent. But even in the open seats where we've had, you know, it would be a golden opportunity for somebody to run, they haven't run. And we only had one candidate in one open seat district this year. So I do believe that not only does term limits impact candidates, but the amount of money that people can afford to do it. I've had really, really fine potential candidates tell me that. So with that, I know you know the issue better than I do probably. And I would conclude my remarks but I would be happy to respond to any questions that you might have. Did everybody get this? I noticed that I kept some of these. Did you have enough to go around? Thank you.

SENATOR ENGEL: Before we ask questions, we have been joined by Senator Phil Erdman from Bayard on the right there. Are there any questions of Senator Schimek? Senator Bayard (sic) (laugh).

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SENATOR ERDMAN: Senator Bayard, that's close. Thank you, Mr. Chairman. Senator Schimek, the way that the bill is or the amendment is drafted...

SENATOR SCHIMEK: Which one are you looking at?

SENATOR ERDMAN: LR 12CA, I'm sorry.

SENATOR SCHIMEK: Okay.

SENATOR ERDMAN: It's drafted instead of just striking the one and inserting two, it's, you know, \$2,000 a month, you've struck that and just went to a \$24,000 salary. Is there a...did you think that was cleaner? Does it matter? I'm just trying to understand.

SENATOR SCHIMEK: I never even questioned that. I expect it was Bill Drafters that thought it was a cleaner way of doing it.

SENATOR ERDMAN: Great. That's the only question I've had.

SENATOR ENGEL: Senator Brashear.

SENATOR BRASHEAR: Senator Schimek.

SENATOR SCHIMEK: Yes.

SENATOR BRASHEAR: I can't remember 1884.

SENATOR SCHIMEK: (Laugh) I can't either if you're implying that.

SENATOR BRASHEAR: But I am so old that I can remember 1968. I may even remember 1960. I have a concern that really bothers me. If you notice we have been voting against since 1972 until 1988. And in 1988 we had an excellent, well-loved, well-founded leader in Woody Varner, who went out and put it all together and laid himself on the line. My concern, I would not want to abandon any of my colleagues, but my concern is we keep doing this for ourselves. And I'm not certain we don't irritate people by doing it and we don't set up attention in which it's kind of like, no, no, hell no, never because we keep trying to do it

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for ourselves. And so I just...I'm not going to belabor it, but I just think we're going at it incorrectly. I think we ought to be asking Congressman Osborne to lead an effort and then we ought to advance the bill, and then we ought to undertake the effort. We ought to know who's going to go do it before we just keep banging our head against this wall and irritating people.

SENATOR SCHIMEK: I have a couple of responses to that, Senator Brashear, and in an ideal world, I think we would do like the Lincoln City Council did last spring and they put an amendment on the ballot which instead of having to go to the voters every two years or every four years or whatever you decide to go, they set up a compensation committee, made provisions for a compensation committee, that would recommend the salary increases to the council. At the same time, they also put on an increase in their salaries. And I believe, and Senator Beutler may remember better than I, but I think it was \$20,000. I know it was an increase over \$12,000 because that's what they were currently getting. It passed with 63 percent of the vote. And, you know, I thought we should ourselves have put something on the ballot last time, but we didn't. Now having said that, if you go back and look at the history of amendments regarding legislative salaries, you'll see that there was one or maybe more, I only see one explained this way, but we have tried that idea of having an outside committee recommend to the Legislature what the salaries would be. I think that would be the ideal situation. Of course, I don't know if that could ever be sold to the voters statewide. So that's a little problem. The third point I guess I would like to make to you is that we haven't been back to the voters again and again and again since 1988. It has been 18 years, it will have been 18 years. And I don't think by any stretch of the imagination that that should irritate voters after that long a period of time. And that's how I would rest my case.

SENATOR ENGEL: Any other questions? Senator Erdman. I'm sorry, Senator Cudaback.

SENATOR CUDABACK: I guess Senator Brashear said what I want to try to say, but he said it so much better so I won't even go there, but I will ask my second question. I guess I'd be willing to go maybe with inflation rate, but I do not want

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to make the salary so high that citizens who run and it does not continue to be a citizens-type legislature rather than a full-time job. I don't think we need 49 senators down here 50 weeks a year trying to make up new rules, new laws, whatever. Now that's my own opinion. Maybe I'm wrong, but I don't think that. So I want to know a happy medium, what is the happy medium? I don't know whether it's \$15,000, \$16,000, but I think we need the average Joe down here rather than a full-time person.

SENATOR SCHIMEK: And I don't...I don't want to disagree with you, Senator Cudaback. I think that's what the people of Nebraska want is a citizen Legislature. I could make some good arguments, and I've heard Senator Beutler make these arguments that we, indeed, do need more time to thoughtfully consider the humongous number of bills that we have and the tough issues that we have. So I don't want to argue with you on that because I think you represent maybe what the popular view is. And if I could take a moment, I didn't respond to one thing that Senator Brashear asked about possibly having somebody of star quality, a persuasive person to lead this effort. I wouldn't disagree with that at all. And, in fact, I know that there are people behind me who are most willing to be supportive of such an effort and I believe that some of them would envision this kind of an effort as well. And I'm not even sure that I recommend that you send this bill out to the floor. Well, maybe send the bill out to the floor this year like we did the last time, like you did the last time and let it sit over the summer and the fall before even taking it up on the floor so that we could have that discussion with the people in our districts and have a better idea, maybe, when we come back what we really want to do. But also be able to have that discussion with people like Tom Osborne or others who might be equally affected. So, sorry, I realized I didn't respond to that part of your question.

SENATOR ENGEL: Senator Erdman, did you still have a question?

SENATOR SCHIMEK: Was that it, Senator Erdman?

SENATOR ENGEL: Senator Stuthman.

SENATOR STUTHMAN: Thank you, Senator Engel. Senator

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Schimek, I have real concerns, you know, with increasing the salary and everything. But I look at this as kind of a dual thing. We've got term limits and the salaries both is what we're trying to deal with. I think with the salaries where they're at and the term limits is really going to be a deterrent for people to run for office. They're going to be in and out of here so quick with eight years for a measly little \$12,000. You know, are we going to get the right candidates for this position? You know, it's one thing the term limits, and then it's the other thing with the amount of pay. And that's, you know, I'm really not going to take a real position. I feel I kind of know where I'd like to be, but I'm, you know, one of the first ones, the first class that's termed out. So, you know, what we put out there may be, you know, is it going to save me? And I'm here just to see that our wages get raised, so that's why I'm kind of taking a backseat to it.

SENATOR SCHIMEK: Well, I understand that, Senator Stuthman. And I do think that in some ways this is the most ideal time to do this because we have a huge number of legislators who are not coming back, who won't be affected by the bill. They can truly say that it is not going to be of any personal gain to them. And on the other hand, those of us who will be leaving two years later can, with a pretty straight face, say that as well. Yeah, it might impact our salaries for a two-year period, but that's it. It's not about us. It's about the institution and to keep the institution viable with good candidates. And there's also a fairness issue. I believe we need to do this.

SENATOR ENGEL: Senator McDonald.

SENATOR McDONALD: Getting back to the comment about having a citizens Legislature, my comment is I don't believe we can unless we do raise the salaries because many of us come in from rural Nebraska. We spend five to six months here. We can't maintain another job to exist while we're here. It's a financial burden. A lot of potential senators cannot be senators because of the hardship it creates on their families. We have no health insurance and no retirement while we're here, so we do have to make up. We have additional expenses while we can't hold down a full-time job.

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SENATOR SCHIMEK: That's a good point.

SENATOR ENGEL: Senator Erdman.

SENATOR ERDMAN: Just interesting to hear a former county commissioner talk about the hardship of coming to the Legislature when all of my county commissioners make more money than I do and they meet once every two weeks and they get insurance. But I think there are some uniquenesses about where we sit as an elected official compared to other elected officials. But ultimately I think we have an obligation to ask what we think we need to ask for in an appropriate way, whether it's Senator Brashear's or others. But, you know, I don't just...the commission idea and things like that, I think the voters want us to ask them when we need an increase. And I think they want us to specifically say we honestly believe this is the amount and let them decide because I think with our setup as it is as a Unicameral, they value the opportunity for input through the initiative process, but specifically through these issues where they're part directly of setting the decision. So I think there's some discussion, especially when I go home on the weekends and have town hall meetings that have county commissioners and other elected officials say, well, they can't make time to come talk about issues. And I look at my own father who is a county commissioner making more money than me and lives at home and has insurance. So I think there are some inadequacies that probably need to be discussed as well.

SENATOR ENGEL: I think this is about the future because when we all signed up, we knew what we were getting. So I don't think we have any complaints ourself, but for the institution down the road I think we do have to do something so...Senator...

SENATOR SCHIMEK: And...

SENATOR ENGEL: I'm sorry.

SENATOR STUTHMAN: Yes, and just by comment in reference to you, Senator Erdman, I came from one day county supervisor to the afternoon of that same day going from \$880 a month to \$218 a month working every day where I worked two days a month on the county job. And, you know, that's where I come

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from. And I'm not complaining. I'm down here because I want to be down here. But that is the situation we're in.

SENATOR ENGEL: Senator Schimek.

SENATOR SCHIMEK: And that was the way I really kind of wanted to finish this is that I don't want anybody to think that we're whining about this. We all came down here knowing what our salaries were going to be, and we all agreed to do it. But after a certain percentage of time has passed, it does seem to be a fairness issue. And I think the people of Nebraska understand that, and I think they're willing to examine it. So I would just encourage you to do something.

SENATOR ENGEL: Just we have another question. Senator Brashear.

SENATOR BRASHEAR: No, I'm going to proceed under the Chambers doctrine where you just pretend like you're asking a question but you make a statement.

SENATOR ENGEL: I assumed that.

SENATOR BRASHEAR: I shouldn't do this but I can't resist. As I had said on the floor, I'll never get a chance to tell more than one at a time and I'll forget to or I won't have time. I was at a new Speakers conference two days the end of last week I think it was. And statistics can be so deceiving. You have your little chart here that says Indiana is paid \$11,600. But what your chart apparently didn't tell you is that their Speaker is right now in the throes of trying to figure out how to handle the firestorm that has resulted from the former Speaker having led an effort to do a three for one match up to \$7,500 into a retirement fund for them and they passed that. And they voted to extend lifetime insurance benefits to themselves. It says here they make \$11,800, but there's also the \$10,000 goody in a lifetime of health insurance and he did admit that it was a very desirable insurance plan.

SENATOR ENGEL: I'd like to make the same comment in Texas, \$7,200 a year. I have a colleague down there who just retired after 16 years and his retirement for life is \$5,000 a year. So that's the other side of that one so they're not

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so bad off.

SENATOR BEUTLER: The problem is everybody in Nebraska thinks we're doing that too.

SENATOR ENGEL: Yeah, I know it. It's perception, yeah. Any other questions of Senator Schimek? If not, thank you, Senator Schimek, for your testimony.

SENATOR SCHIMEK: Thank you for your time. I appreciate it very much.

SENATOR ENGEL: Any proponents?

JACK GOULD: Senator Engel, members of the board, my name is Jack Gould, that's G-o-u-l-d, and I'm here representing Common Cause of Nebraska. I think we've been here before with pretty much the same cast. And those 18 years, I don't know that I was here every year, but I know that we've been here a lot raising the same question, that the salaries are way too low and that something needs to be done. Three years ago I came here armed with 18 letters from citizens organizations, a wide range of citizens organizations, who all stepped forward and said, we've got to do something about the salaries. And I gave those, I think they're in the record somewhere. Last year I think Senator Quandahl brought the bill and I gave him a like number of letters from all kinds of organizations saying, you know, we need to do something with the salary. Let's advance the bill. But the bills haven't gotten out of this board. And so I think my concern, we're in support of all three of these bills. Whatever will work, we're in favor of it. But, you know, the time has come where it's so repetitious--we do the same thing every year. We have two courageous senators that are willing to put their names on the line to get this done. And I guess my primary reason for being here is to encourage you to finally put the bill out there so that we can have the debate. And I guess, you know, Common Cause is sort of viewed often as either Don Quixote or Pollyanna or somebody. But, you know, I don't think anybody is going to know what the public's view is unless there's something out there to create the discussion. And so I just urge you now to step forward and put something out there. And I might add that, you know, when it was discussed in Common Cause, we were up to \$30,000 a year. Maybe we're high, and probably we were

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the highest of all the groups we talked with. But at the same time, if we don't come up with a decent salary, you know, we're not going to get the people here. Thank you.

SENATOR ENGEL: Thank you. Any questions of Mr. Gould? If not, thank you very much. Thank you for your points.

JACK GOULD: Thank you.

SENATOR ENGEL: Any other proponents?

DUANE OBERMIER: Senator Engel, members of the Executive Board, my name is Duane Obermier. I'm president of the Nebraska State Education Association, and my organization is in support of both LR 12CA and LR 13CA. So I'll consider this testimony to be on both of those issues. I don't have a lengthy testimony of any kind. We just simply believe that it would be good public policy for some of the reasons that Senator Schimek has already reviewed. So I simply want to have our organization down as a supporter of these concepts. And the gentleman who just spoke, I agree with him completely--put something out there. Vote it out of this Executive Board, take it to the Legislature and let the issue be debated, and then let the Nebraska voters decide.

SENATOR ENGEL: Thank you. Any questions of Mr. Obermier? I see none. Thank you very much.

DUANE OBERMIER: Thank you.

SENATOR ENGEL: Any other proponents?

LYNN REX: Senator Engel, members of the committee, my name is Lynn Rex representing the League of Nebraska Municipalities. I did know in advance that Senator Schimek and Senator Beutler were putting in these measures, otherwise we would have requested a senator to do so. Our organization feels very strongly that these salaries need to be increased. We do think that in order for citizens to be able to run and certainly look at the cost of living in the last 18 years, any number of things, the salary is just pitiful when you compare it to what other officials across the state are receiving. And I'm not suggesting that county officials don't deserve the money that they get for the work that they do or that city councils don't deserve the money

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that they get. Most of our village boards get virtually nothing. But in the same token, and God bless them for it, but they meet about once a month and that accommodates their needs. That's different from the kind of work that you have. And even though I realize what you have is not per se a full-time job per se, as a state senator, how do you have a full-time job and do the kinds of things that you need to do to support a family and do what you do when you're down here for interim study hearings? Most of you put in, I know, because I meet with you in the morning in morning meetings and at night in evening meetings, so you're not putting in eight-hour days. You don't put in eight-hour days. You put in 12- or 16-hour days. And I think that needs to be underscored. But I think that we are...I think this is all about the institution of the Legislature. This isn't about each and every one of you sitting around this table. It is about the institution of the Legislature. Our organization has been involved in each and every one of these efforts. And unfortunately, I am old enough that I haven't been involved in the last successful ones, not because of me. It was because of Woody Varner in large part. I think 99 percent of it was all Woody Varner. He did the fund-raising. He actually mortgaged his house in order to be able to put the initial money up front to get everything in place for what needed to be done. That was done under the leadership of Speaker Barrett. It was well orchestrated, took a long time to get everything pulled together, and it isn't something you do on a weekend because it is an educational effort across the state. And indeed, there was polling done to show who'd be the ones that would be the best spokespersons for all of this. And at one point it was Tom Osborne, and he did do some things for us in that regard which was helpful. Most regrettably, he lost a game one weekend and we had to change to a spokesperson for the next week. Those things matter. (Laughter) Well, they do. So we were...it's really...it was really true and it was an expensive effort because you had to change TV ads and everything. But Bob Devaney also cut ads. The ad was something along the lines that it's less than 5 cents, you know, (inaudible) 5 cents a cup of coffee is what I think the lingo was. Please do this and help yourself by helping senators get an increase. I will also tell you the polling indicated at that time in 1998, actually the polling was done in '87, that \$16,000 was very doable; \$12,000 was in the bag; \$16,000 very doable but would take some effort. As

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most of you know here because you've been around for a long time as state senators, but the League of Nebraska Municipalities is a nonprofit organization. I'm not allowed to go to fund raisers. We're not allowed to support senators. We are involved in campaign ballot issues, if you will, but not campaigns for individuals in any way, shape, or form. So with that, we do our best to participate in this. The Nebraska State Education Association has always provided a tremendous amount of assistance and expertise in all this as well. I think that if the Legislature advances a bill forward or whatever Senator Schimek and Senator Beutler...I'm here today supporting all those bills and I won't come up three times with the same testimony, but we support all the bills before you today. But we do think it's extremely important that you move forward on this effort. And it does take some orchestration. I do think, Senator Brashear, your comment about Tom Osborne perhaps being a spokesperson for this, he would be the person. I think there are other people too. We tried...it was a...I think Helen Boosalis and Charlie Thone were the cochairs then, it needs to be nonpartisan because you are a nonpartisan Legislature. So there are lots of things that go into it, but it is not only doable...I will tell you the League does a poll at least once a year on any multitude of issues that are of concern to municipalities. And we always throw in the question about raising senator salary increases, and it always has, with anywhere from increments of \$5,000 more, \$10,000 more, whatever, and those we have majority votes on those, actually quite the contrary from what our polling is on term limits. But with that, I'd be happy to respond to any questions and we appreciate Senators Beutler and Schimek in introducing these measures.

SENATOR ENGEL: Any questions of Ms. Rex? Senator Cudaback.

SENATOR CUDABACK: I guess I will also pretend like I'm asking a question, but I... I am or not. But do you think you can really...

LYNN REX: Then I will pretend to answer it (laugh).

SENATOR CUDABACK: I know you well enough to know that you'll take it lightly. But do you think you can really compare a state senator with like a city board, a county board? I was on the county board for 12 years, and I guess

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I was there every other day. We act differently than you are in a state senator setting. So I don't know if you can really compare the two.

LYNN REX: Well, yeah, if your question is can you really compare the responsibilities and duties of a state senator with that of a county board member or a city council member, you're both...there are several analogies obviously. You have several areas of commonality. You're both...all of you would be policymakers as an example.

SENATOR CUDABACK: Yeah, right, exactly.

LYNN REX: But there is no question state senators put in more time and also a commitment. It's one thing to say I'm going down to...I live in Kearney and I'm going to the Kearney City Council meeting tonight as opposed to I'm a state senator from Kearney and I'm going to go to Lincoln for the week, much different in terms of what the commitment is and the sacrifice of your families and just what's involved in it. But there's no comparison in terms of the amount of time. You put in more time than do other elected officials in the state who get paid significantly more than you. And what I'm suggesting, though, is I would not in any way suggest, Senator Cudaback, that what they do is not important and it's critically important.

SENATOR CUDABACK: Okay, I wanted to make that point.

LYNN REX: And frankly, I mean, what they do is important for the whole process of how state and local government have to work in partnership.

SENATOR CUDABACK: We used to say we have to react to all these laws made by the state senators. We had all this time to, you know, and that wasn't easy sometimes. I'm kind of saying that in jest.

SENATOR ENGEL: Thank you. Any other questions? If not, thank you, Ms. Rex.

LYNN REX: Thank you.

SENATOR ENGEL: Are there any other proponents for either bill? Are there any opponents? Is there anyone testifying

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in a neutral capacity? If not, that closes the hearing on LR 12CA.

SENATOR SCHIMEK: Excuse me.

SENATOR ENGEL: I'm sorry, Senator Schimek.

SENATOR SCHIMEK: That's okay. I just wanted to insert one thing into the record. I do have Senator Quandahl's file folder from his bills when he introduced them. And I wanted you to know what the groups were that Common Cause was talking about. It's Common Cause, ACLU, Appleseed, Nebraska Tax Research Council, Nebraskans for Peace, Hispanic Community Center, Conservation Alliance, NAACP. And he says in this letter, this letter is actually from Jack Gould, that he expects letters from the Asian Community Center, the Indian Center, UNL profs, AARP, and Sierra Club. And I did find the Sierra Club letter in here too. I don't know if he received the others, but that's the list.

SENATOR ENGEL: Okay. Thank you very much, Senator Schimek, very good.

SENATOR SCHIMEK: Thank you.

SENATOR ENGEL: Now that will close the hearing on LR 12CA and LR 13CA. Senator Beutler, LR 4CA.

LR 4CA

SENATOR BEUTLER: (Exhibits 3, 4) Mr. Chairman, members of the committee, I actually had a new and novel idea about how to deal with this.

SENATOR ENGEL: Would you identify yourself for the record, please.

SENATOR BEUTLER: My name is Chris Beutler, 28th Legislative District, Lincoln. I didn't hear everybody mention how much it added to the salary to be able to deal with the people we deal with in the Legislature. That's a nice thing, Mr. Chairman.

SENATOR ENGEL: It's for the transcriber, Senator Beutler,

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for the transcriber, not for me. I know who you are.
(Laugh)

SENATOR BEUTLER: Well, now I'm going to tell you my new and novel idea for dealing with this whole thing, which I had at Joslyn Art Museum last week as I was attending an affair for Voices for Children, very nice affair, hope they made a lot of money. But they had a little auction to go along with it, and two of the items at the auction were little \$2 in a nice little encasement, and they were signed by Warren Buffett. And the last time I looked, which wasn't nearly at the end of the auction, each one of those had a \$200 bid on it. So I think we should just get Warren to sign a whole bunch of \$2 bills and pay ourselves with Warren Buffett \$2 bills. I do think, though, that I...you know, I know that increasing the salary from one level to another is the easiest way to go on this and probably at least one way that we will try to approach the problem yet another time. But if I were Tom Osborne or Warren Buffett or whoever might take an interest in such a campaign, you know, I'd really like to take an interest in a campaign that solved the problem for the indefinite future. And if Woody Varner were alive today, I think he'd be kind of discouraged by the situation that we're in again. And as much as I hate to say it, I almost hate to see another one get on the ballot that just proposes another increase in salary because it just starts again the dismal cycle that we've been in for half a century. In any event, this particular proposition would propose to take it out of the constitution. It was advanced to the floor last year, never debated in amended form. It does go the route of creating an independent commission appointed by the Governor with certain types of representation, as you can see, described in the bill. Two commissions like that, as you can see from the handout, were defeated in 1970 and 1980, in 1970 by a very large vote; in 1980 by a smaller margin. But this particular proposition is not just a commission that deals only with legislative salaries, but it also deals with legislative ethics. And I think that adding that particular element will be appealing to people, and I think it might be something that would get us over the edge in terms of creating a kind of commission that would have appeal to people. The steps of the process go something like this: The Compensation Committee is formed. It recommends to the Legislature a code of ethics for the Legislature. We don't currently have one, although

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there are various provisions here and there that basically are a kind of ethical directions to us, some of the political accountability provisions, for example, and those kinds of things. Lots of other legislatures do have formal codes of ethics in their rules and procedures. The United States Congress has a code of ethics so it's not an unusual or radical idea. But what would happen is that the commission would recommend to the Legislature a code of ethics to be adopted. And the Legislature then would have the option of accepting or rejecting the code of ethics. If it accepts the code, then the commission can proceed on to its second work, which is to review the compensation of legislators. It submits a report to the Legislature. The Legislature, by legislative bill, can then either accept or reject the recommendation of the commission with regard to salaries. It can decrease the salaries, but it cannot increase them. With regard to the code of ethics, as it is in the bill right now, the Legislature is obliged to keep it in effect in the form that it's in for three years. After that point in time, they can do with it and make modifications to it as they please. Every fourth year then the commission renews its recommendations on both topics. But the Legislature is not obligated to accept any additional changes to a code of ethics. It is...and the commission is not obligated to have some sort of acceptance of any additional modifications to the code in order to proceed to deal with salaries. So that's really the fundamentals of how it works. And if we are going to...well, I think I'll just stop right there because I'll have an opportunity to discuss strategies with you as we discuss these bills in Executive Session.

SENATOR ENGEL: Are there any questions of Senator Beutler? Senator Erdman.

SENATOR ERDMAN: The three-year time frame, excuse me, thank you, Mr. Chairman. The three-year time frame for the code of ethics, why not two years to coincide with the new sessions so that the code of ethics that are adopted are consistent with the wishes of the members who are serving?

SENATOR BEUTLER: It could be two years. Three years just seemed a little longer and would perhaps be more meaningful to people. Four years would be a little too long and that it would start to be confusing with the next round of

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commission review of both salaries and code of ethics. So I said three years, but, you know, that can vary obviously.

SENATOR ERDMAN: The other question I have is based on this process, would there be...there appears to be an incentive for the Legislature to accept the commission's proposal in order for a potential increase in salary.

SENATOR BEUTLER: The first time.

SENATOR ERDMAN: So I guess is that appropriate or...because essentially you'll have a group outside the Legislature forcing the Legislature to accept their plan, otherwise you have to go back to them the next, you know, continually go back to them as opposed to after that first time the Legislature is free to do whatever they want.

SENATOR BEUTLER: I think there are two things that people generally believe, there may be more than two, but two that the people generally believe a legislative group doesn't do well all by itself left unfettered. And one is determine its salary and two is determine its own code of ethics.

SENATOR ERDMAN: And I'm not saying there's not a role for that, I'm just...

SENATOR BEUTLER: So I'm trying to work with those two ideas...

SENATOR ERDMAN: Yeah, I understand.

SENATOR BEUTLER: ...by giving them to a commission and let the outside commission have some interplay with the Legislature on both of those things that the people don't think we do well.

SENATOR ERDMAN: Thank you.

SENATOR ENGEL: Are there any other questions of Senator Beutler? If not, thank you, Senator Beutler.

SENATOR BEUTLER: Thank you, Senator Engel.

SENATOR ENGEL: Are there any other proponents? Are there any opponents? Anybody testifying in a neutral capacity?

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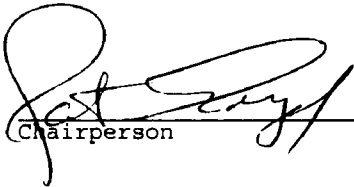
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Would you like to close, Senator Beutler?

SENATOR BEUTLER: No, Senator Engel.

SENATOR ENGEL: Thank you, Senator Beutler. That will close
the hearing on LR 4CA.



Chairperson



Committee Clerk